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DIRECTORATE OF
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WEEKLY SUMMARY

State Dept. review completed

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NATO: *Ministerial Aftermath in Review*

The Allies, during the traditional spring meetings of defense and foreign ministers, launched the most thorough examination of the Alliance since the 1967 "Harmel Exercise." The NATO members, through a study of Allied Defense Problems in the 1970s (AD-70), will attempt to determine how the Alliance should manage its defense in the coming decade. At the same time, they will weigh the prospects for detente by assessing the reception in the East to their initiatives on European security and on mutual and balanced force reductions.

The AD-70 study was given an official go-ahead by the defense ministers last week in Brussels, and the European members of NATO apparently believe that the study may well imply an increase in their share of the defense burden. The European defense ministers seem convinced that their countries cannot stand by passively in the event the US reduces its presence in Europe. Despite their view that it would be impossible to increase their own defense budgets, they decided to examine how, through better allocation of expenditures, they could ease the cost to the US in order to forestall or limit possible US troop cutbacks.

Apparently on the initiative of West German Defense Minister Schmidt, the group agreed to explore the possibility of taking over part or all of the US portion of NATO's infrastructure expenditures. Schmidt reportedly told the others that the issue was one of "cash from our budgets." British Defense Minister Healey suggested that the Europeans could be more helpful to the US by financing the local costs of US forces. Schmidt apparently will be pressing the Europeans to come up with some concrete proposals by late September in the context of the AD-70 study for a more effective European defense commitment.

The European defense ministers also discussed possible intra-European cooperative armament programs as a way of getting more for their money. Dutch Defense Minister den Toom argued that European political cohesion as well as military and cost effectiveness required such cooperation. The ministers made no firm decisions, but they reacted favorably to a number of potential programs—including exchanges of information on long-term weapons programs and cooperation in training. They also agreed that although there was no hope of winning the early return of France to NATO's integrated command structure, Paris could be brought closer to the Alliance through involvement in such cooperative ventures.

A number of NATO members already are following up the agreement of their foreign ministers in Rome to multiply exploratory conversations with the East. The Rome communiqué stated that one of the main purposes of such contacts would be to determine when one or a series of conferences on European security and cooperation would be fruitful. The initial Soviet reaction to these initiatives has been predictably negative, although less shrill than usual. Nonetheless, there is already speculation that the major detente issue at the next meeting of the foreign ministers in December will be whether enough progress has been made on Germany, Berlin, and other specific issues to justify undertaking the more extensive multilateral contacts foreseen in the communiqué.

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Vietnam

Swinging into Summer

The Communists' summer campaign is set to get under way in the near future, possibly this weekend. Captured documents and agent reporting strongly suggest that some sort of stepped-up action is scheduled to begin on or around 20 June in several sectors of South Vietnam, particularly in the northern provinces.

[redacted]

The enemy's summer campaign will probably be similar to the relatively low-key spring campaign, which was marked by three brief upsurges of enemy attacks in the opening days of April, May, and June. There are some indications, however, that this time enemy forces may try to sustain some of their shellings and limited sapper and guerrilla actions over a longer period of time for greater impact. It is also likely that the Communists may try to hit hard at South Vietnamese forces in certain localized areas, especially in southern I Corps.

Enemy forces in the two northernmost provinces of Quang Tri and Thua Thien may also be getting set to take advantage of improving weather conditions in the coastal regions. North Vietnamese forces in the western reaches of these provinces presumably are fully equipped, rested, and ready for combat. Combat-related activity, such as reconnaissance and movement of supplies, has picked up sharply in recent weeks, but these could be partly defensive measures prompted by growing enemy apprehensiveness over possible allied incursions into Laotian border redoubts.

Saigon Agitation on Upbeat Again

The Thieu government is once again faced with increasing protest activity despite its efforts to appease the various groups involved. After several weeks of relative quiet in Saigon, students have renewed their protests by staging some of the most violent antigovernment demonstrations experienced so far this year. 25X1

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The government had attempted to defuse the situation through a series of conciliatory gestures including personal meetings between Prime Minister Khiem and student and veteran leaders, but so far its efforts have not borne fruit.

The new student demonstrations, which broke a temporary truce arranged by relatively moderate student leaders, suggest that militants have taken over leadership of the protests. The government had provisionally released some of the arrested student leaders whose imprisonment has been a primary issue in the protests. The militants, however, may regard government attempts at conciliation as a sign of weakness and an opportunity to press for further concessions. The demonstrators, whose mood has become clearly anti-American and antiwar, are now protesting on a wide range of issues, including the US presence in Vietnam and the government's alleged failure to move toward peace.

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Although activist elements 25X1
would like to intensify their 25X1
antigovernment campaigns, the situation appears fluid. The ability of these more militant leaders to carry out their plans will depend partly on how well they succeed in mobilizing their followers, including elements that have heretofore been more moderate, and partly on the effectiveness of government countermeasures.

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If they should join forces, however, the government would be faced with a much more serious situation. *(SECRET NO FOREIGN DISSEM)*

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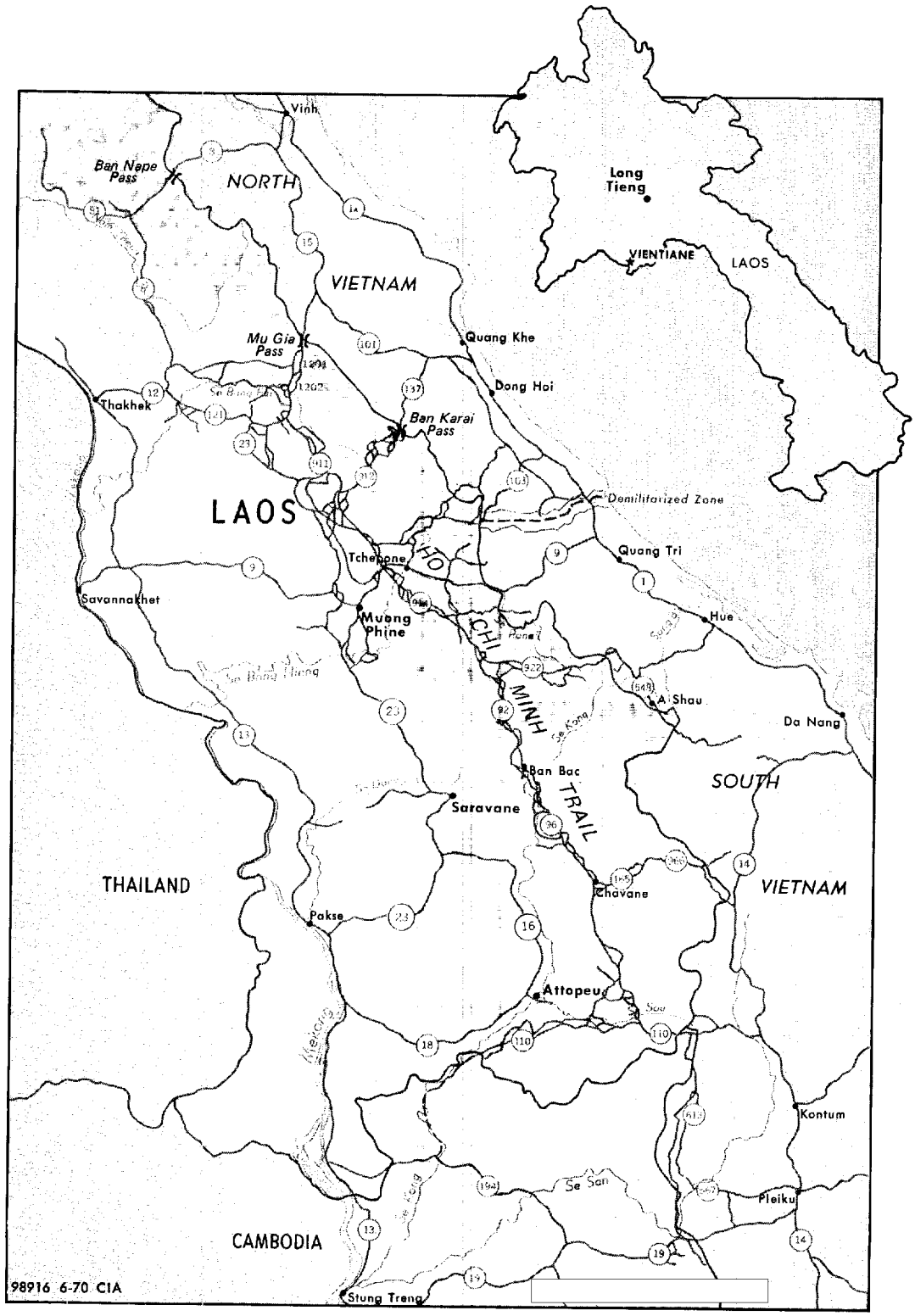

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Laos: *Portents of a Greater Communist Presence*

Laotian Army forces have so far been unsuccessful in fulfilling Vientiane's pledge to retake Saravane. During the past week the Communists have turned aside repeated government probes in and around the town. On 16 June they spiked the first coordinated effort to recapture the provincial capital by seizing the base camp where government units were assembling.

The Communists' apparent determination to hold on to Saravane—despite its relatively minor military significance—raises questions about the enemy's current goals in the Laotian panhandle. Beginning with the seizure of Attopeu on 30 April, North Vietnamese and Pathet Lao forces have been unusually active in what has generally been accepted as a campaign to gain additional supply lines to Cambodia and South Vietnam. There is no question that full control of the road and river systems between Muong Phine and Attopeu will provide the Communists a useful alternative to the Ho Chi Minh trail system to the east. It is not certain, however, that the enemy's continuing high level of military activity has been based on logistic considerations alone.

In gaining control of the supply corridor via Routes 23 and 16, the Communists did not need to attack either Attopeu or Saravane. These provincial capitals, which had been in government hands since the Geneva Accords were signed in 1962, have for some time been bypassed by enemy truck traffic. Their seizure represents a clear break—calculated in Hanoi—with the long-standing rules of the game in southern Laos. It is possible that the North Vietnamese may have intended to indicate that they are no longer constrained by the Geneva Accords and that they feel free to pursue territorial ambitions in southern Laos that go beyond controlling a supply conduit to Cambodia and South Vietnam.

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the Communists have been making a determined effort since seizing the town to win over the population by improving economic conditions, maintaining basic government services, and taking a low military posture. An extensive political indoctrination program for Attopeu residents has included propaganda statements that the Communists intend to take all of southern Laos in the next six months.

Northern Laos Quiet

In northern Laos, meanwhile, adverse weather conditions have brought military activity to a virtual standstill. With the advent of the rainy season, the civilian population of the Long Tieng area apparently has become convinced that the Communist threat has receded. As of mid-June, more than half of the inhabitants of the Long Tieng Valley had returned to their homes and resumed normal commercial activity.

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Cambodia: Current Situation

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Cambodia: *After Angkor, What?*

In Cambodia, the Lon Nol government's position in the countryside continues to deteriorate rapidly in the face of increasing Communist military operations. Since late March, for example, the Communists have attacked 15 out of 19 provincial capitals, and they still occupy four of these key population centers in the northeast (Stung Treng, Kratie, Lomphat, and Senmonorom). The government's position in the northeast has been reduced to two beleaguered outposts in Ratanakiri Province, and these are under continuing Communist harassment.

There are indications that the Communists already are exploiting their de facto control over this zone to develop a huge new base area.

West of the Mekong, the Vietnamese Communists are making bold inroads in the northern provinces of Siem Reap, Kompong Thom, and Preah Vihear. The government apparently has stabilized the situation at Siem Reap, but an unknown number of Communist troops are reported to be moving into the ruins at Angkor Wat, seat of the ancient Khmer empire. If the Communists succeed in maintaining a presence in this area, it will constitute an important propaganda and psychological gain for them.

In the eastern border province of Kompong Cham, enemy activity appears to be rising again. The province capital is defended by Khmer Krom forces—ethnic Cambodians who had been fighting under allied command in South Vietnam.

In the border provinces to the south and southeast, the Communists continue to attack and harass government positions despite the frequent proximity of South Vietnamese troops. Svay Rieng and Prey Veng cities are frequent targets of such harassment, and large concentrations of Communist forces are being reported in Kandal Province.

West of Phnom Penh, the Communists have attacked the capitals of Kompong Speu and Kompong Chhnang provinces. The tenacity of their attack on Kompong Speu suggests that they place considerable emphasis on blocking Route 4, which runs through the city and serves as Phnom Penh's main overland access to the seaport of Kompong Som—formerly Sihanoukville.

Enemy attacks in Kompong Chhnang probably also are directed primarily at key lines of communications. On June 14 the Communists cut Route 5, Phnom Penh's last remaining road link to the Thai border. The parallel rail line to Thailand was also blocked by a Communist attack on 17 June.

Vietnamese Communist objectives in Cambodia still remain open to speculation. Hanoi clearly considers South Vietnam the main theater in Indochina, but the speed and scope of Communist military operations in Cambodia since early May suggest that Hanoi has decided attractive opportunities for major gains have presented themselves there. Although Hanoi obviously would like to topple the Lon Nol regime, it is also possible that—short of this—the spectacular attacks west of the Mekong are designed to dramatize Phnom Penh's impotence, and to detract from the success of US and South Vietnamese operations against the border sanctuaries.

Hanoi may conclude that the early restoration of Sihanouk is sufficiently essential to justify all-out military operations in Cambodia, possibly including a direct attack on Phnom Penh itself.

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[redacted] They might also consider the risks justified by the chance to undermine US policy in Southeast Asia, intensify the antiwar sentiment in the United States, and increase pressures on Washington to negotiate on terms more acceptable to Hanoi.

Whatever the case, it appears certain that at a minimum the Vietnamese Communists are determined to stay in Cambodia and to continue using Cambodian territory to support their war effort in South Vietnam. This is evident in the determined efforts they are making to keep the supply lines from North Vietnam open during the rainy season, to launch an effective Cambodian insurgent movement, and to keep the Cambodians at bay while they proceed with such activities. [redacted] 25X1 25X1

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Asian Group Consults on Cambodia

The three-nation task force (Japan, Indonesia, Malaysia) delegated by the mid-May Djakarta conference on Cambodia to seek support for reactivating the International Control Commission and for convening a broadly based conference has conferred so far at the United Nations and in Moscow.

Results to date have been meager. U Thant received the envoys sympathetically and promised to support their efforts when he visits Moscow in a few days. In Moscow, where the delegation talked with Gromyko on 17 June, reaction was—as expected—negative. Soviet officials continued to oppose the convening of a Geneva conference or any other kind of international gathering on the subject of Cambodia.

From Moscow, the task force goes to New Delhi, where soundings indicate the atmosphere will be cool. It will then go to London and Paris, where the three envoys may try to contact Communist China and North Vietnam through the French Government. Visits are also scheduled to Warsaw, Ottawa, Washington, and again to the UN. The task force expects to conclude its consultations by 4 July. [redacted]

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Communist China: *Where's Old Hsieh?*

Politburo member Hsieh Fu-Chih's three-month sojourn in the shadows suggests that some unpublicized maneuvering has been under way within China's ruling hierarchy. Hsieh, who also serves as a vice premier and as boss of the Peking municipal government, had been among the most publicly active members of the Politburo until he suddenly slipped from view after a brief appearance on 19 March. His absence was all the more remarkable when he failed to accompany the other top leaders who attended the major rallies and receptions held in Peking last month—occasions when his presence would seem almost obligatory.

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There remains a measure of doubt, however, as Canton television recently showed an old film including shots of Hsieh, a highly irregular practice if he is in political disgrace.

The suggestion that Hsieh's disappearance may be related to political maneuvering at the top is bolstered by an unexpected reversal in ranking between two other Poliburo members. Until he disappeared from view last March, Hsieh had always been sandwiched between Vice Premier Li Hsien-nien and Air Force Commander Wu Fa-hsien on the relatively small number of occasions when China's top leaders have been publicly listed by rank over the past year. On five separate occasions in the past month, however, this pecking order has been reversed and Wu has been listed ahead of Li. Wu's sudden apparent gain in political stature may be related to a change in that of Hsieh Fu-chih. Politburo listings, unless given in alphabetical order, are deliberately designed to display relative power rankings.

Plausible explanations as to why Hsieh Fu-chih may have fallen into political hot water are still scarce, but the longer he is out of the limelight the more the Peking rumor mill grinds.

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Explicit signs of such leadership squabbles over the past few months have been only tenuous at best. One diplomat in Peking recently claimed, however, that the more radical elements in the Politburo are currently intriguing in order to gain increased representation for their followers in various government and party organs. Muted struggles of this nature have been almost a constant in Chinese leadership politics since the Ninth Party Congress, and it is possible that, in the positional jockeying between political rivals on the Politburo, Hsieh has fallen back in the race.

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Hsieh (on Mao's right) in 1966
Taken for another ride?

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If Hsieh has suffered more than a temporary downgrading, Peking is carefully trying to conceal what would be the first major break in its ranks since the stormy 1968 purge of acting army chief of staff Yang Ch'eng-wu. In any case, Wu Fa-hsien's elevation at the expense of Li Hsien-nien suggests that an alteration in the balance of forces within the leadership may be in the making. 25X1

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Communist China: *Playing Its Cards Adroitly*

In the past several weeks Peking has been pushing hard to improve its position among independent-minded Communist states in an effort to gain important political leverage against the USSR. In particular, Peking has focused on a strongly militant anti-US posture in support of the Communists in Southeast Asia and has reasserted its firm backing for the sovereign rights of Soviet bloc states. In so doing, the Chinese believe they have been able to capitalize on Moscow's cautious approach toward recent US actions in Indochina and to play on anti-Soviet feelings in Eastern Europe.

The most striking example of this approach was the reception accorded a high-ranking Romanian Government delegation that visited Peking last week. Although the Romanians apparently had planned only a short stopover in Peking, the Chinese offered an effusive welcome, including a reception with Mao and Lin Piao—an unusual accolade. Following this, Chou En-lai in a speech to the visitors pointedly underscored China's support for Bucharest's independent posture within the Soviet bloc and indirectly swiped at Moscow's disrespect for the political and economic rights of East European states.

At the same time, the Chinese used the occasion of the Romanian visit further to enhance Peking's effort to build its influence among Asian Communist states at Soviet expense. In an obvious attempt to exacerbate Soviet - North Vietnamese friction over Moscow's failure to break with the Lon Nol government in Cambodia, Politburo member Kang Sheng in a speech on 9 June pointedly praised the Romanians for their quick recognition of the Sihanouk government-in-exile. In addition, Kang voiced strong support for North Korean charges that a US "spy ship" violated North Korean waters in early June—charges that Peking recognizes are false but which have been repeated to please Pyongyang.

Complementing this approach, Peking since early May has generally avoided direct polemics against the USSR in order to soothe sensitivities regarding the Sino-Soviet dispute, particularly in Hanoi and Pyongyang. For example, Peking has not responded to a series of vituperative Russian attacks, including one on the extremely touchy issue of China's relations with Hong Kong. This discreet tack was dramatically underlined last week when Chou En-lai countered attacks from the three top Soviet leaders against alleged Chinese "intransigence" toward the USSR by expressing Peking's "sympathy" over recent natural disasters in the USSR.

This grandstand gesture clearly reflects China's judgment that its anti-US line is currently scoring important political points against Moscow and that it has no need to engage in unproductive polemical exchanges. Indeed, the recall of selected Chinese chiefs of missions to Peking over the past week almost certainly was designed to bring Peking's diplomats up to date on its present line of march. There is no sign that the Chinese are about to alter their strategy; on the contrary, they seem confident that they have a number of high cards and are apparently quite willing to play out their present hand.

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Philippines: *Student Unrest Brewing*

President Marcos' inept handling of student unrest portends a resurgence and an intensification of the protest movement with the opening of the new school year. His most recent action—the jailing of the head of the militant Kabataang Makabayan (KM-Nationalist Youth) on the charge of subversion—is certain to infuriate the KM's members, who were in the forefront of the violent student demonstrations early this year. The KM, along with other student organizations, has been conducting teach-ins in the provinces in an effort to win broader support from the public, which had been alienated by the KM's frequent resort to violence.

The arrest will probably more than outweigh Marcos' effort to meet student objections to a sharp rise in the over-all cost of education, especially at private schools. Marcos has delayed the opening of the school year for nearly a month—until the end of July—and has ordered a halt to price increases on textbooks and supplies. He also is trying to persuade private schools to rescind increases in school fees. Marcos probably hoped that he could soften student hostility toward him and give himself time to prepare for the anticipated renewal of the protest movement.

Another reaction to the arrest has come from Congress, where questions have been put as to whether a violation of civil liberties has occurred. The arrest may also heighten popular disgust over Marcos' increasing attraction to dictatorial methods. A furor was created last month by the high- handed deportation to Taiwan of two Manila-born Chinese newspaper editors on flimsy charges of subversion.

Even though the student movement remains sharply divided into moderate and radical wings, students will view the detention of the radical leader as reflecting Marcos' lack of sympathy for all students and will sharpen their focus on him as the source of all Philippine ills. 25X1

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USSR: *Out of Step on Indochina*

Moscow's decision not to recognize Sihanouk and to retain its presence in Phnom Penh has been accompanied by a number of less significant moves that indicate continuing differences with Hanoi over current tactics in Indochina. The decision, which marks the first time in years that the two countries have been openly out of step on a major policy issue was taken principally because of Sihanouk's sponsorship by Peking. Subsequent Soviet moves indicate that Sino-Soviet considerations will continue to dominate Moscow's thinking on Indochina and that material support for North Vietnam will continue.

At the same time that North Vietnam and China have been denouncing all efforts to achieve a negotiated solution in Indochina, the Soviets have let it be known that they think this is the best if not the only way the conflict should be resolved. The Soviet-French communiqué following Foreign Minister Gromyko's visit to Paris noted the "closeness of Soviet-French views on the question of solving the Indochina problem through negotiations." 25X1

Moscow's reception of two peace-seeking missions has also served to keep the negotiating option highly visible. These moves are in direct contrast with those of the Chinese, who have been openly advising the North Vietnamese to persist in a protracted war.

Moscow's dissatisfaction with Hanoi's policies, however, has not meant any slackening in

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Soviet material support for the North Vietnamese. The Soviet-DRV aid agreement signed in Moscow early this week served to underscore Moscow's long-standing commitment to the DRV and at the same time balanced a similar agreement concluded in late May between Hanoi and Peking.

[redacted] There is little question, however, that Moscow would agree to an increased aid program if it believed the situation required it.

For the present, Moscow has clearly decided upon a course of action that involves providing Hanoi with substantial—but not unlimited—political, economic, and military support while gambling that, under the pressure of arduous fighting and the prospects of increased dependence on Peking, Hanoi will again see the advantages of negotiating, and the Soviets will have an opportunity to restore their influence. The USSR's tactics will continue to be designed to minimize Peking's gains. [redacted] 25X1

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USSR-Romania: *Victory for Whom?*

Moscow and Bucharest announced on 12 June that Soviet party leader Brezhnev will visit Romania early in July to sign a long-delayed treaty of friendship and mutual assistance. Agreement for this trip was probably reached during Romanian party boss Ceausescu's trip to Moscow in mid-May.

The Romanians have implied that the treaty is the one drafted and initialed in 1968, when the old 20-year treaty expired. If so, it will not include the opprobrious language of the recently signed Soviet-Czechoslovak treaty, which incorporated the essence of the so-called Brezhnev doctrine of limited sovereignty and implicitly broadened mutual defense commitments beyond Europe.

Obtaining signature of the treaty on Romanian terms will be a victory of sorts for Bucharest, but it may have been gained at the expense of concessions in other areas. Romania, for example, may have agreed to closer economic and military cooperation with Moscow. According to various reports, the USSR is continuing to put pressure on Bucharest to participate in Warsaw Pact maneuvers, but the issue of maneuvers on Romanian soil in 1970 apparently is still unsettled. At any rate, the two sides apparently are playing down their differences for the moment.

Nevertheless, the Romanians are taking steps to bolster their policy of independence. Earlier this month a high-level party and government delegation to North Korea and Communist China was feted in Peking with great ceremony. Moreover, Ceausescu's trip to France this week and Premier Maurer's scheduled visit to West Germany later this month are being touted as evidence of Romania's wide-ranging friendships, with the implicit hint that these governments might be counted on for political support vis-a-vis the USSR. [redacted] 25X1

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Yugoslavia Seeks US Private Investment

In an effort to expand trade with the US and to attract more American investment, a Yugoslav delegation is currently negotiating the establishment of a joint corporation with US industrialists and financiers. Yugoslav Government agencies and some 90 firms reportedly responsible for one fifth of Yugoslavia's total trade will participate.

The organization is to be the exclusive agent for sales and purchases in the US by participating members. It also will secure advanced technology, provide funds for plant expansion in Yugoslavia, and arrange for the joint exploitation of ventures in third countries. Belgrade believes that, with Yugoslavia's "prestige in the third world" and US financial resources, third-country ventures could be particularly profitable. President Tito stressed such possibilities in recent talks with President Kearns of the US Export-Import Bank in which he sought more US investment. The Yugoslavs rolled out the red carpet for Kearns, who reported that talks with the Yugoslav premier, cabinet officers, and leading businessmen had laid the foundation for a "significant increase" in bank participation in any expansion of the American role in Yugoslav economic development.

Yugoslavia, up to its ears in debt payments, may hope that a large expansion in direct private Western investment will reduce the need for government borrowing. Furthermore, Belgrade stands to benefit greatly from more efficient management and production, and from increased attention to market forces that would be a by-product of US and Western investment. A direct western stake in the success of Yugoslav enterprises also could lead to a wider promotion of Yugoslav goods in international markets.

Belgrade recently has instituted legislation protecting western ownership rights and profit repatriation. There has been no mass rush to experiment in investment in Yugoslavia as yet, but more than a dozen Western companies are testing the water to the tune of nearly $50 million. Successful conclusion of the negotiations to be held next month when American officers of the proposed corporation visit Yugoslavia could encourage an acceleration of such participation. [redacted]

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UN: The UN Security Council unanimously decided last week to hold periodic, closed meetings at the foreign-minister level, thus putting into effect one of the original provisions of the UN Charter. The meetings will provide a chance for more general, and less vitriolic, exchanges of views, and the Council members hope that the new procedure will "enhance the authority of the Security Council and make it a more effective instrument for the maintenance of international peace." Some delegates, however, have emphasized the need for caution and the careful preparation of agenda. [redacted]

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USSR: *Leaders' Speeches Wind up Election Campaign*

The elections to the Supreme Soviet on 14 June climaxed over two weeks of "campaign" speech making by Soviet leaders. Their review of the past and future offered nothing dramatic but presented quite an orderly picture of collective leadership.

The final week was devoted to addresses by the four senior leaders: Suslov, Kosygin, Podgorny, and Brezhnev. Earlier speeches were not delivered in strict order of precedence, and party secretary Ustinov was unable to meet his constituents because of illness. The occasion of Brezhnev's speech at the Kremlin Palace of Congresses on 12 June was attended by the other leaders and carried in full by the major newspapers.

The leadership recounted the economic successes achieved under the present five-year plan but noted the need for increased labor productivity, speedier construction, and greater "scientific-technical progress." Vague allusions to the forthcoming plan (1971-75) indicate that major guidelines are still being hammered out. Brezhnev hinted, however, that the main beneficiary would be heavy industry, at the expense of the consumer. Brezhnev, President Podgorny, and Politburo member Polyansky all promised that the agricultural sector would receive "increased capital investments" during 1971-75.

Premier Kosygin's address included the most comprehensive treatment of the economy as well as the most spirited defense of the reform. He said a reorganization of administration is under way to reduce bureaucratic layers and personnel and to improve specialization in industry. He called for more discipline but did not lean as heavily on this theme as did Brezhnev.

As he did at his press conference on 4 May, Kosygin discounted Western press speculation that an "internal struggle" was under way in the USSR. Brezhnev noted that foreigners had seized upon the exercise of criticism and self-criticism to allege that an economic crisis exists in the USSR. These references to Western commentary may be the outgrowth of debate on such issues among the leaders and their concern over the interpretation given Soviet political and economic decisions abroad.

The leaders addressed foreign affairs in broad and generally moderate terms. Kosygin and Podgorny spoke in more rigid and stereotyped terms while Brezhnev allowed himself more flexibility. All three offered strong backing for the Arab cause in the Middle East and criticized US policies in Indochina. They were milder, however, in treating US-Soviet relations and West Germany.

Brezhnev's speech contained one minor innovation in Moscow's European policy. In what may be intended as a counter to the NATO proposals made at the Rome ministerial in May for talks with the bloc on European security matters and on mutual force reductions, he suggested the creation of "some sort of permanently operating mechanism" to carry out agreed measures aimed at European detente. He did not flesh out this idea and made no specific reference either to the Rome proposals or to a quite similar British proposal.

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Italy: *Center-Left Optimistic*

In the wake of the regional, provincial, and municipal elections of 7-8 June, center-left political leaders are showing increased optimism. The prospect that parliament will be dissolved and national elections held earlier than 1973 now seems remote, although party differences or personal ambitions could always bring about cabinet changes.

The center-left gains in elections at all three levels were accompanied by losses on both the far left and right with the single exception of a gain

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for the far left in provincial elections. Prime Minister Rumor, however, probably mindful of the misplaced optimism inspired by apparent Communist losses in the 1964-66 local elections, has warned his colleagues against complacency. He believes the Communists will start now, probably with increased Soviet financial support, to prepare for the 1973 parliamentary elections and will encourage increased labor violence this summer to arrest Italy's steady economic progress. Rumor sees his problem as being curtailment of disruption this summer and motivation of his coalition to move on long-overdue social, economic, and administrative reforms.

1970 Election		Most Comparable Earlier Election
Regional		Parliamentary 1968
	%	%
Center-left	58.2	55.4
Combined far left	31.1 (PCI-27.9; PSIUP-3.2)	32.4 (PCI-28.0; PSIUP-4.4)
Right	10.6	11.4
Provincial		Provincial 1964
Center-left	58.5	57.3
Combined far left	30.3 (PCI-26.8; PSIUP-3.5)	28.6 (PCI-25.5; PSIUP-3.1)
Right	11.1	13.3
Municipal		Municipal 1964
Center-left	59.8	55.8
Combined far left	28.1 (PCI-25.2; PSIUP-2.9)	28.2 (PCI-25.5; PSIUP-2.7)
Right and others*	13.1	16

*"Others" includes mixed lists and minor splinters

Communist election analysts are generally disappointed in the returns but see some compensations. The party (PCI) officially expressed regret for the relatively serious losses in the regional elections for the Proletarian Socialist Party (PSIUP), a Moscow-supported grouping of extreme leftists that, unlike the PCI, supported the Soviet intervention in Czechoslovakia in 1968.

The PCI now feels more secure on its left flank and in particular is relieved that the PSIUP was unsuccessful in the bold pitch it made to Communist voters in some areas in the south. Communist leaders were also pleased that the orthodox Socialists did better than most observers expected. The Socialists are more willing than other center-left parties to work with the PCI

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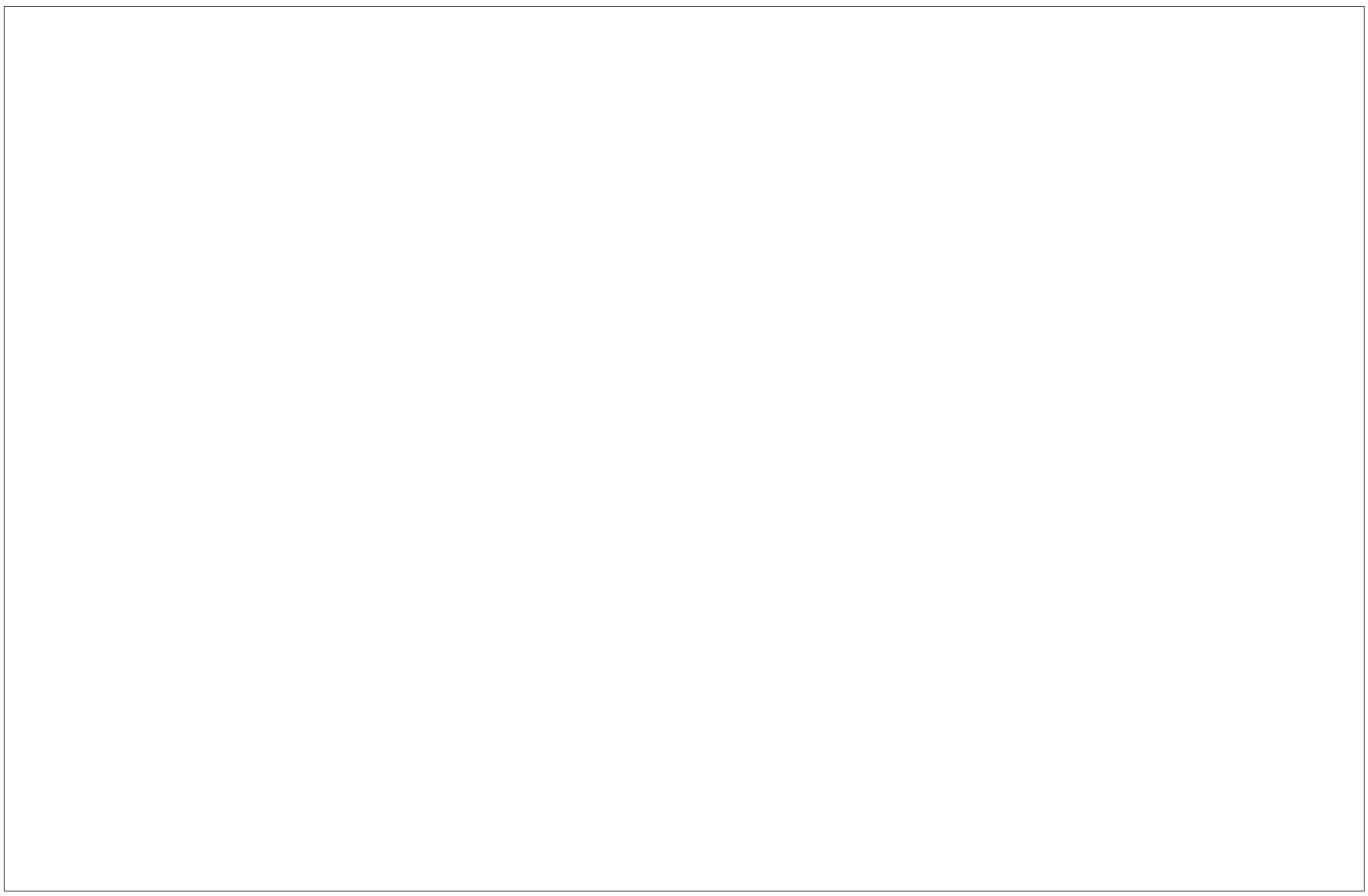

EAST GERMANY: Communist party membership, which numbers an unwieldy 1.9 million out of a population of 17 million, may be significantly reduced. Extensive organizational preparations have been initiated for an exchange of membership cards, and twice as much time has been alloted for the exchange as in 1960 when a similar program was undertaken. Although regime spokesmen have attempted to play down the significance of the program by characterizing it as routinely necessary before the "expiration date" of the present cards, no such date appears on the cards and none is mentioned in the party statutes. The top and middle levels of the party are cohesive, and the intent of the regime probably is to purge inactive, incompetent, and politically unreliable members at the grass-roots level, including many economic officials who have bee accused of "revisionism."

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Jordan Still Verges on Disaster

King Husayn's capitulation to fedayeen demands has partially defused the situation, but it could be reignited by the activities of extremists on either side.

After a succession of abortive cease-fires had failed to put an end to last week's heavy fighting, King Husayn bowed to fedayeen insistence that he dismiss the commander in chief of his army and the head of his third armored division—both particularly detested by the fedayeen. The decisive factor appears to have been the seizure of two Amman hotels by the Popular Front for the Liberation of Palestine (PFLP), which dissociated itself from the earlier attempts at cease-fires arranged by the King and Fatah's Yasir Arafat and held out for the dismissal of the two commanders.

According to Iraqi press reports, the cease-fire agreement contains five points: the withdrawal of Jordanian Army forces to their previous positions; the return of all fedayeen to their former positions; the immediate formation of a commission to investigate the causes of the crisis; the dismissal of the two army leaders; and the formation of a committee to oversee implementation of the agreement. The composition of the two committees, which included representatives from both sides, was promptly announced. Subsequent incidents appear to have been minor, with joint army-fedayeen patrols successfully keeping the lid on in Amman.

One of the results of the crisis so far has been an upsurge in the prestige of the PFLP and its leader, George Habbash. Arafat has already taken some steps to respond to Habbash's challenge: in a press conference on 14 June, he retroactively approved of the PFLP's seizure of foreign hostages, thus taking partial credit for the action generally thought to have turned the tide in favor of the fedayeen.

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Meanwhile, bitterness is said to be widespread among army units over the firing of its two leaders.

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the danger remains that at least some of the military, unable to swallow the King's capitulation and refusal to crack down on the fedayeen, could reach the point of actual mutiny. This possibility will be increased if Husayn is forced to make further concessions.

At the same time, there are indications that the fedayeen may be stepping up their demands. An unidentified Fatah leader, writing in the group's newspaper, which has begun publishing in Amman since the cease-fire, called for the trial of those responsible for the outbreak—presumably the two army leaders—and for the dissolution of Jordan's internal security apparatus "and other suspicious groups." A spokesman for one of the more extreme fedayeen groups has issued similar demands. Should the fedayeen stiffen their terms in the negotiations now taking place in Amman, Husayn's dilemma will grow still more acute. If he backs down yet again before the fedayeen, he could face serious disaffection within the ranks of his army. A refusal to concede, however, could result in renewed fighting with unpredictable consequences.

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Middle East

Israel and the Fedayeen

The Israelis last week cast a wary eye over developments in Jordan, watching the renewed struggle between King Husayn and the fedayeen. They fear the emergence of a more radical Jordan through a take-over by fedayeen or by more direct involvement of Syrian and Iraqi military personnel or even of the Soviets. Government leaders in Tel Aviv have issued warnings that Israel could not sit idly by and permit a change "in the balance" in Jordan.

Although Husayn is still on the throne and Damascus and Baghdad did not get militarily involved, Tel Aviv almost certainly estimates that the fedayeen have increased their power and that most of the curbs Husayn was able to impose on the fedayeen now have probably disappeared.

[redacted]

Israel and Egypt

Tel Aviv's main concerns at the moment, however, are forthcoming decisions in Washington regarding future supplies of aircraft, and developments on the Egyptian front.

[redacted] 25X6

Tel Aviv continued to avoid any deep penetration raids, and Soviet pilots kept out of the Suez Canal area. Egyptian aircraft, however, went into action briefly on Tuesday for the first time in some two weeks, attacking Israeli military positions in the northern sector of the canal. 25X6

Israel and Syria

An Israeli commando force on 16 June struck deep into Syria, mortaring a military camp some 40 miles northeast of Damascus and striking a bridge about 30 miles south of the Syrian capital. A spokesman in Tel Aviv said the raid was in retaliation for Syrian and Arab guerrilla attacks over the past month against Israeli troops and settlements in the occupied Golan Heights area.

Lebanon

An anticipated clash between government forces and the fedayeen failed to materialize this past week. In late May the government announced that after 15 June it would no longer allow the fedayeen to fire into Israeli territory from southern Lebanon or to carry arms within Lebanese cities and villages. It had been feared

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that fighting might erupt if the government attempted to enforce this ban. Both sides, however, apparently were sobered by reports of large numbers of casualties during the recent fighting in Jordan and wanted to avoid a similar showdown in Lebanon. 25X1

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Tunisia Forms a New Government

Prime Minister Ladgham has formed a new and somewhat streamlined government representing most of the moderate and conservative blocs within the ruling Destourian Socialist Party. The 16-man government will probably serve in a caretaker capacity until the party congress is held this fall, at which time more extensive changes may be announced. Meanwhile, a special committee appointed by President Bourguiba to plan the party congress is also charged with drafting important revisions to the country's constitution.

The deliberations of the new government and of the special committee—which Ladgham will chair—are likely to be marked by friction. Six of the eight members of the committee are also the strongest and most influential members of the government. Two of the six are political rivals of the prime minister and have long had close personal ties to Bourguiba. At least one of these men sparked the President's public rebuke to Ladgham last March, an incident that aroused speculation that the prime minister was about to be replaced.

The committee's proposals for constitutional revisions will concentrate mainly on the problem of succession. President Bourguiba, who recently returned from a lengthy convalescence in France, is again preoccupied with ensuring an orderly succession to the presidency. One proposal he has already proffered to the committee would make the government responsible to the national assembly as well as to the president. This would establish a better balance between the currently powerful presidency and the essentially advisory assembly. The committee's recommendations will be submitted to the party congress for approval.

The committee's other role—preparation for the party congress—may be the more time consuming. Local party units have already elected their representatives to the congress, but the national committee will probably want to ensure that these representatives have been properly "instructed" before the congress convenes. 25X1

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India and Mrs. Gandhi

Recent meetings of high-level committees of the ruling Congress Party further indicate that Mrs. Gandhi plans to base her political strategy on attacking the right, while avoiding issues that could endanger her support among leftist opposition parties. Although there are a number of problems involved, such an approach has been one of the reasons her minority government has survived since the Congress Party split last November.

The main issues discussed at the meetings, which ended last weekend, were communalism, regionalism, and extremism, all of which were used primarily as vehicles to attack the right. The most popular target was the Hindu nationalist Jana Sangh Party, which Congress has tried to blame for recent communal riots.

In attacking the right, Mrs. Gandhi is probably trying to set up a favorable framework for any future elections, and she may even hope that in such an atmosphere some of the right-wing parties will not risk going to the polls. In the budget session of Parliament this spring, an important factor in her government's survival was the reluctance of any opposition party to risk bringing down the government and forcing early elections.

Mrs. Gandhi has relied on votes from the left—including moderate Communists—for her programs, and in the Congress Party meetings only the most extreme Communist faction came in for criticism. Moreover, the party's leadership gave in easily to demands that the foreign-policy resolution call specifically for the withdrawal of American troops from Vietnam as the first step leading to evacuation of all foreign troops from that country.

The party gatherings revealed no substantial opposition to Mrs. Gandhi, and no dissension among party leaders. This might have been due, however, to the careful avoidance of a number of issues—such as the ending of subsidies to India's former princes and the question of nuclear weapons—that could be divisive for the party. Mrs. Gandhi promised to speed up economic progress, but made no specific proposals, thus avoiding controversy.

Despite the difficulties of maintaining a minority government, a multitude of issues that could divide her supporters both within and outside the party, and the threat to her from other potential party leaders, Mrs. Gandhi has not only survived for over seven months, but her position appears stronger than it was last November. [redacted] 25X1

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Diplonapings Continue in Latin America

The kidnaping in Brazil last week of West German Ambassador von Holleben, coming shortly after the abduction and murder of Argentina's former president Aramburu, has raised once again the specter of further "diplonapings" in Latin America. The fact that the Brazilian operation occurred despite increased security precautions and a roundup of subversives heightens the anxiety being felt in Latin American capitals.

Even as normally tranquil a place as Costa Rica has not been spared. High-ranking government officials there, including the second vice president, have been threatened. The government is considering sending an imprisoned, pro-Castro Nicaraguan guerrilla leader to another country so terrorists will no longer have a motive for action.

In addition to "diplonaping," the hoary tactic of kidnaping to obtain ransom money is continuing. Such instances have occurred recently in Colombia, Guatemala, and the Dominican Republic. In Uruguay a pro-Castro group raided the Swiss Embassy, locked up the ambassador and his staff, and stole mimeographing equipment.

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Argentina: *General Levingston, I Presume?*

Brigadier General Roberto Marcelo Levingston, a 50-year-old officer who has been Argentine military attaché to Washington since January 1969, was installed as president on 18 June by the military junta.

In plucking Levingston out of obscurity and thrusting him into the presidential palace, the junta members have made it clear that they, not Levingston, will make all the major decisions in the new administration.

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He is reported to be close to the junta strong man, Army Commander General Alejandro Lanusse, and is regarded as a political liberal and strongly anti-Peronist.

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apparently had no part in the events leading to the move against Ongania on 8 June.

Little is known of Levingston's political and economic views, and he is relatively unknown to

New Argentine President

Military Junta That Will Co-govern with Levingston

(1) Admiral Gnavi (2) Lt. General Lanusse (extreme right) Brig. General Rey

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the Argentine people. This lack of political identification with any particular group probably was a major factor in his selection.

Perhaps in an effort to counter the widely held view that Levingston will be no more than a front for Lanusse and other junta members, Argentine officials are emphasizing the strong will and stubbornness of the new president. He is said to be pro-US but has criticized this country for not helping Argentina more at a time when "Chile is going red and Brazil is going black." He reportedly favors a reunification of the Argentine labor movement and winning over the Peronist-dominated workers through positive reforms. He is said to support the economic policies of former economy minister Krieger Vasena, the author of the Ongania government's stabilization and development program.

Not surprisingly, Levingston is said to favor General Lanusse's plan for a phased return to democratic, representative government. Junta members have generally committed themselves to restoring some of the democratic processes suspended since the June 1966 coup. Their commitment is general enough, however, to permit modification at any time.

Levingston now is conferring with junta members to fill government posts. Six of the seven cabinet members have already been named. The key economy and labor post went to Carlos Moyano Llerena, an adviser to a former minister, Krieger Vasena. The defense minister in Ongania's government, Jose Caceres Monie, retains his portfolio, and Eduardo McLoughlin, former ambassador to Britain, becomes interior minister. The Foreign Ministry post went to Luis Maria de Pablo Pardo, a professor of international law and former ambassador to Chile. The junta also announced the selection of a newspaperman, David Kaplan, as interim information secretary. Kaplan is the first Jew to hold a major position in the government. He is a highly respected journalist and a close friend of Lanusse's, and his appointment may prove permanent.

While the new administration is settling in, there is already some speculation as to how long Levingston will remain in the obviously secondary role which the junta has assigned to him. The 1966 Statute of Revolution—the basic law of the land—is now being amended to make the military junta a co-governing partner with the new chief executive. His tenure will obviously depend on the extent to which his personality will conform to or conflict with the views of the junta and especially with those of General Lanusse. 25X1

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CUBA-PERU: Castro is still going to great lengths to publicize Cuba's role in Peruvian earthquake relief and to promote international aid commitments. On 14 June he sent Cuban minister Carlos Rafael Rodriguez to Geneva to solicit reconstruction funds from the UN Development Program. Rodriguez also plans to attend the 22 June session of the Economic Commission for Latin America in New York, where he will probably submit the same proposal. The Cuban airlift to Peru has brought at least 18 planeloads of aid to Lima, and more flights are expected. In addition, a large Cuban trawler arrived at Callao, Peru, on 18 June carrying a cargo of shoes and portable kitchens. 25X1

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Peru-US: *Earthquake Disaster*

The warm official Peruvian response to US assistance in the earthquake disaster area has quieted anti-US feeling among some groups in the country, at least in the short run. The quake, the most disastrous recorded in the Western Hemisphere in recent times, affected nearly 800,000 Peruvians, including dead, injured, and homeless. Latest government estimates place the number of dead at more than 50,000.

President Velasco and other high-ranking government officials have expressed their appreciation and gratitude for the help provided by the US, stating that without it Peru "would not have made it" through the first tragic days or have as much hope for the future. The normally critical Lima daily, *El Comercio*, praised US relief efforts, singling out President Nixon's "Declaration of Solidarity," grant aid totaling $10 million, helicopter assistance, and the arrival of high-ranking US officials to supervise relief efforts in the quake area. *El Comercio's* laudatory comments were particularly significant not only because they were Peru's first and most complete recognition of US relief efforts but also because they came from a newspaper that is usually highly nationalistic and generally suspicious of or hostile to US interests in Peru.

The US response to the disaster has generally dissipated the atmosphere of suspicion and recrimination generated by the Peruvian regime's disputes with US companies. The disaster also has brought Peruvians together and at least temporarily quieted much of the criticism directed at the government from both right and left.

The quake could swell the flow of rural people to urban areas, particularly to Lima. The influx will add to the problem of inadequate housing and facilities, fueling the present discontent in the country's urban slums.

The earthquake's immediate impact on the economy is not likely to be serious. The most severely devastated area, the Callejon de Huaylas, was not an important producer of minerals or export crops. Although the coastal area around Chimbota was also severely damaged, the area's most important industries—steel, sugar, and fishmeal production—should not suffer major setbacks. Initial reports indicate that the damage to the steel mill—Peru's only steel facility—although extensive, should interrupt production for only six to nine months. The fishing season is closed, and the loss in output of the fishmeal industry thus should be minimal.

Initial reports indicate that damage to irrigation canals, reservoirs, and hydroelectric facilities could depress output. Moreover, land transportation routes in the region should be repaired at least temporarily in the near future. The great bulk of the losses suffered were to housing, schools, and public buildings.

Expenditures for relief and rehabilitation could be beneficial to the economy. Peru has been suffering from an inadequate rate of economic growth and widespread unemployment, largely because its economic reform and stabilization programs have discouraged both public and private investment. The expected large increase in public expenditures should stimulate the depressed construction industry and lead to a resurgence of economic growth.

Because the disaster relief efforts have improved US-Peruvian relations, they may also have been instrumental in bringing about better relations between the regime and foreign investors such as Cerro and IPC, which have been conspicuous for their contributions to relief efforts. A better investment climate could also spur economic growth. [redacted] 25X1

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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

China Stays Even in Food/Population Race

Secret

№ 44

19 June 1970
No. 0375/70A

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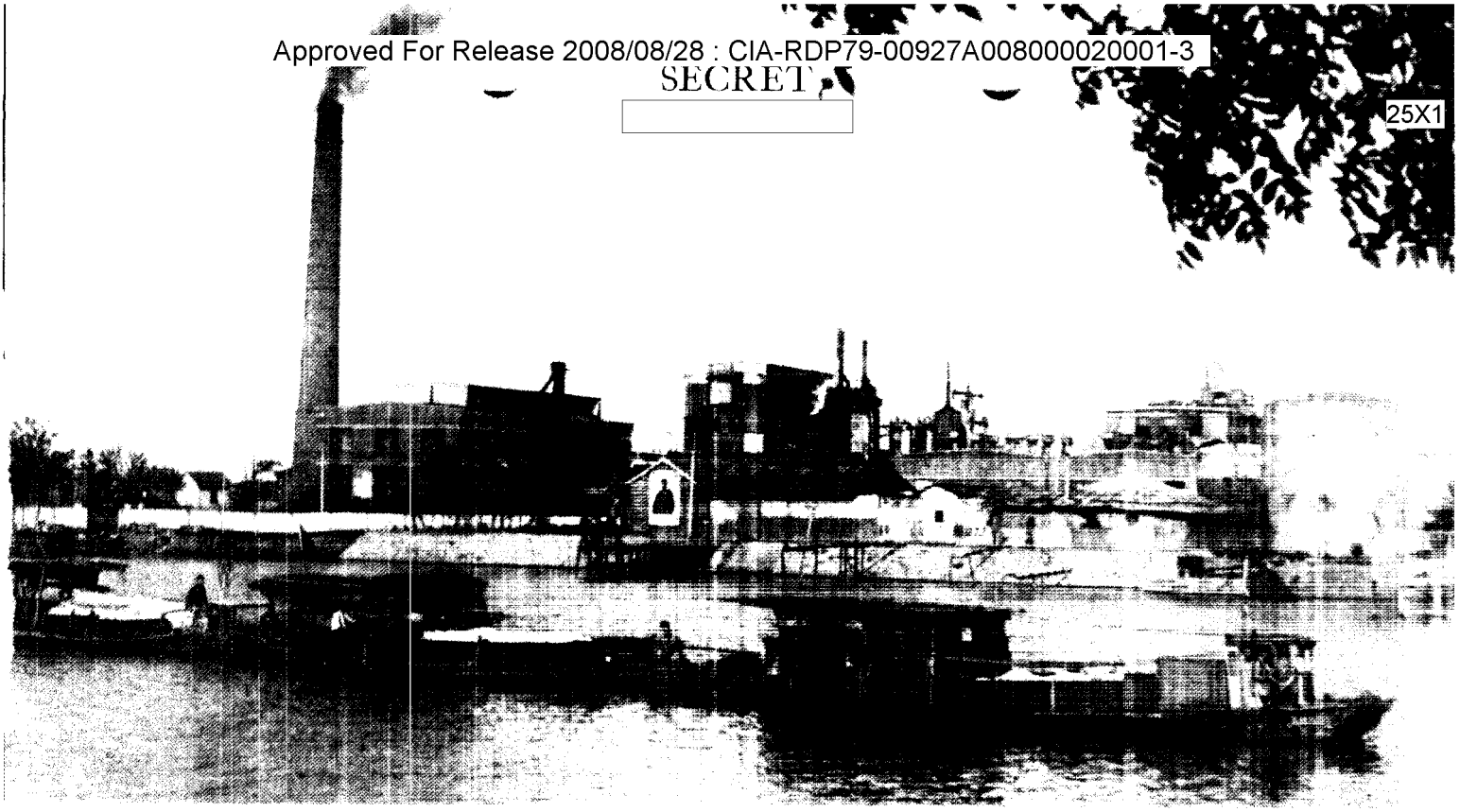

A RURAL FERTILIZER FACTORY AND ITS PRODUCT ON WAY TO CONSUMERS

CHINA STAYS EVEN IN FOOD/POPULATION RACE

China enters the 1970s with its food problems more or less under control. Current food supplies appear adequate, whether measured by annual production of grain or size of the average diet. Peking sees availability exceeding current needs to such an extent that it has launched a national campaign to increase grain stocks for the first time in many years.

In 1960, the collapse of the Great Leap Forward was accompanied by a drastic fall in grain production. Peking was forced to abandon its rather utopian programs for restructuring rural institutions to tackle the fundamental problem of feeding the population. Aside from concern for human misery, there was the overriding consideration that mass starvation could undermine the viability of the Communist regime. By importing grain and by reversing collectivization policies that had sapped incentive and public morale, the government arrested the decline in food supplies. During the last half of the 1960s, food production was nursed back to pre - Leap Forward levels by the regime's increased allocation of resources to agriculture.

The food problem has not been solved, however, and China apparently still is far from achieving a breakthrough similar to the "green revolution" that has occurred elsewhere in Asia. Food supplies exceed the needs of the population by so slight a margin that bad weather alone could start a new downward trend. Moreover, the possibility that Mao Tse-tung may again attempt to introduce radical changes in the countryside that could lead to agricultural problems similar to those of the early 1960s continues to loom as a threat to China's modest agricultural achievements.

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Agricultural Crisis

Agricultural output fell drastically during 1959-61, confronting the regime with one of its most serious economic crises. The crisis, although precipitated by almost catastrophic weather conditions, was also the outgrowth of the regime's earlier policies toward agriculture. During the 1950s the regime had looked to collectivization and to the exploitation of existing resources in the countryside for rapid agricultural growth rather than to infusions of scarce capital and technology. Such efforts, moreover, were either "once and for all" types of improvements or were subject to increasingly severe diminishing returns. Agricultural output did increase in the 1950s, but the surpluses that could be converted to capital for investment became smaller and smaller as the population continued to grow. Three consecutive years of poor weather in 1959-61 forced food production far below the minimum levels required to sustain the population.

Change in Agricultural Policies

In September 1962 the "agriculture first" policy was adopted, which provided a somewhat larger share of state investment as well as greater industrial support for agriculture. By 1964 chemical fertilizers, mechanical water pumps, and farm tools and equipment had become available in sufficient quantities to make an impact on agricultural production. These inputs were allocated primarily to commercial grains (rice and wheat), corn, and cotton, and were concentrated in areas capable of returning high yields despite flood or drought. Such areas constitute only a minor share of China's farmland; the bulk of the country's farming areas were left more or less to fend for themselves. Nevertheless, changes in management practices were made—notably in regard to crop rotations and the substitution of grains for industrial crops—that affected most of China's cultivated areas. Corn, for example, has been popularized for cultivation in areas with marginal water supplies, chiefly because corn is more responsive to fertilizer than is wheat or rice. In large areas of north China, a single crop of spring-sown corn, heavily fertilized, has been substituted for the traditional rotation of winter wheat followed by a summer-sown grain crop. Under favorable conditions, the single crop of corn has yielded more than have wheat and a summer-sown crop combined, thus increasing grain available in these areas.

Grain and Fertilizer Imports

Among the policies adopted during the 1960s to cope with food exigencies was the import of food and chemical fertilizers. Of the two, the import of grain has attracted more attention from the West, which considers this trade the bellwether of the Chinese food situation. When China in the 1960-61 food year broke precedent and began importing grain from Canada and Australia, the need was clearly desperate.

Net imports reached 5.5 million tons in 1961 and since then have averaged a little over five million tons annually despite improvements in cereal grain harvests. They have become an important element in stabilizing levels of cereal consumption in the urban areas of East and North China and in maintaining adequate levels of Chinese grain stocks. These imports are also useful in reducing the volume of internal transport needed to distribute food to cities.

Chinese imports of chemical fertilizer, which increased only gradually during 1961-64, began to expand rapidly in 1965. By 1969 these imports, combined with the slowly expanding domestic fertilizer industry, had more than doubled the total amount of fertilizer available in Communist China, and have been the key factor in agricultural performance. Nevertheless, the regime still has not allocated sizable resources to the development of the chemical fertilizer industry, and imports continue to provide the bulk of available fertilizer. In 1969, for example, they constituted more than 60 percent of the total fertilizer available. Given the lagging development of the domestic fertilizer industry, China is likely to

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remain dependent upon imported fertilizer for some time to come.

The Food Situation

On a purely bulk basis, the Chinese are not eating as well as they did in 1957 or 1958. Nevertheless, food supplies have clearly been adequate for the past several years. A representative ration before the Leap Forward was between 2,200 and 2,300 calories a day. Rations fell to a low of about 1,400 calories during the disaster years of 1960 and 1961, but by 1965 they had recovered to a level of about 2,000 calories. This level has since been maintained.

Although some Western nutritionists consider 2,000 calories a day short of minimum requirements for an adequate diet, the Chinese appear to be living reasonably well at this level.

In terms of the amount of cereal grains in the individual rations, there is still a gap of about 20 percent as compared with the 1957s. This gap, however, has been norrowed on a caloric basis by the inclusion of larger quantities of potatoes in the ration and on a quality basis by an increase in the availability of fruits, vegetables, eggs, and meats. Relatively small increases in eggs and meats significantly offset the nutritional deficiencies inherent in an overwhelmingly grain diet. An important share of the potatoes and most of the fruits, vegetables, eggs, and meats are produced on the peasants' private plots.

since 1967, some 20 to 25 percent of the peasant's consumption, by weight, has originated from these plots.

The government has openly acknowledged that it cannot reform rural institutions radically until a satisfactory substitute for private plots is found. The provincial press has categorically stated that the plots will continue to play a role in the foreseeable future. The national press indirectly endorses this line by banning articles condemning the plots. The five-percent limit placed on the arable land devoted to these plots constrains their growth, however, and there has been a leveling off of production on private plots over the past two years.

Impact of New Policies

Stabilization policies since 1962, together with restoration of the private plot, have eased the food situation. The infusion of large quantities of items such as chemical fertilizer and improved tools has enabled the Chinese to increase grain output at a much higher rate than could be achieved with traditional inputs alone. Finally, the Chinese have been favored by six years of normal or above-average weather conditions. This has meant that the average grain harvest level in China has increased from the 180 million metric ton level of 1957 to as much as 205-210 million tons in 1967. Grain production since 1967 has probably been somewhat lower. Production dropped in 1968 as the result of interruptions caused by the Cultural Revolution to the flow of industrial goods in support of agriculture. Production in 1969 suffered from a deterioration in weather conditions that was only partially offset by increased supplies of chemical fertilizers and other inputs.

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Peking seems only mildly aware that the present breather in the food population race must be used to make fast progress in food-raising technology. Thus, the regime still appears unwilling to provide the increased resources necessary to bring about a technological breakthrough.

Prospects for Growth

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China's agricultural development program lacks a key element of the approach that has led to the so-called "green revolution" from which other Asian countries have benefited. The

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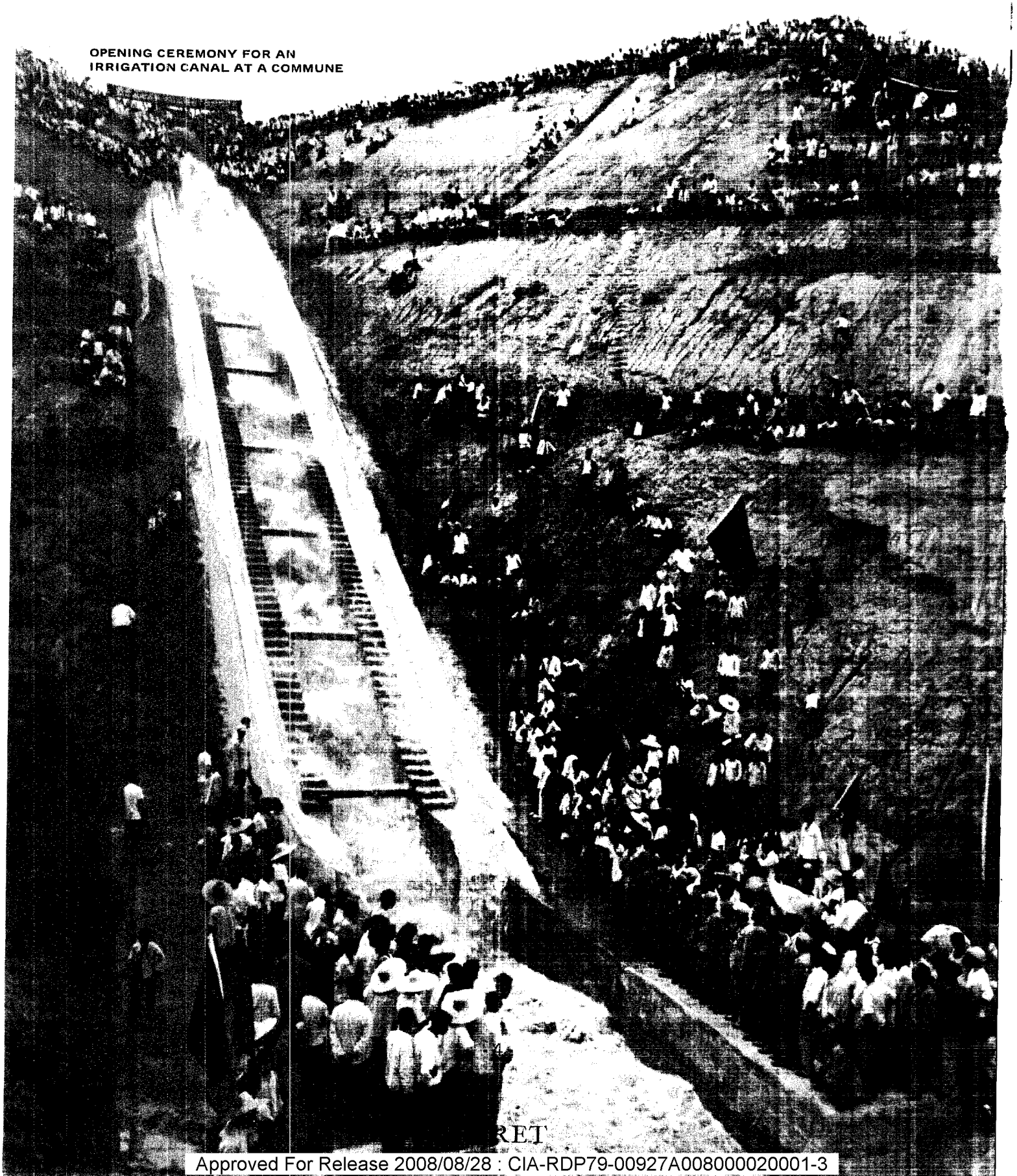

OPENING CEREMONY FOR AN
IRRIGATION CANAL AT A COMMUNE

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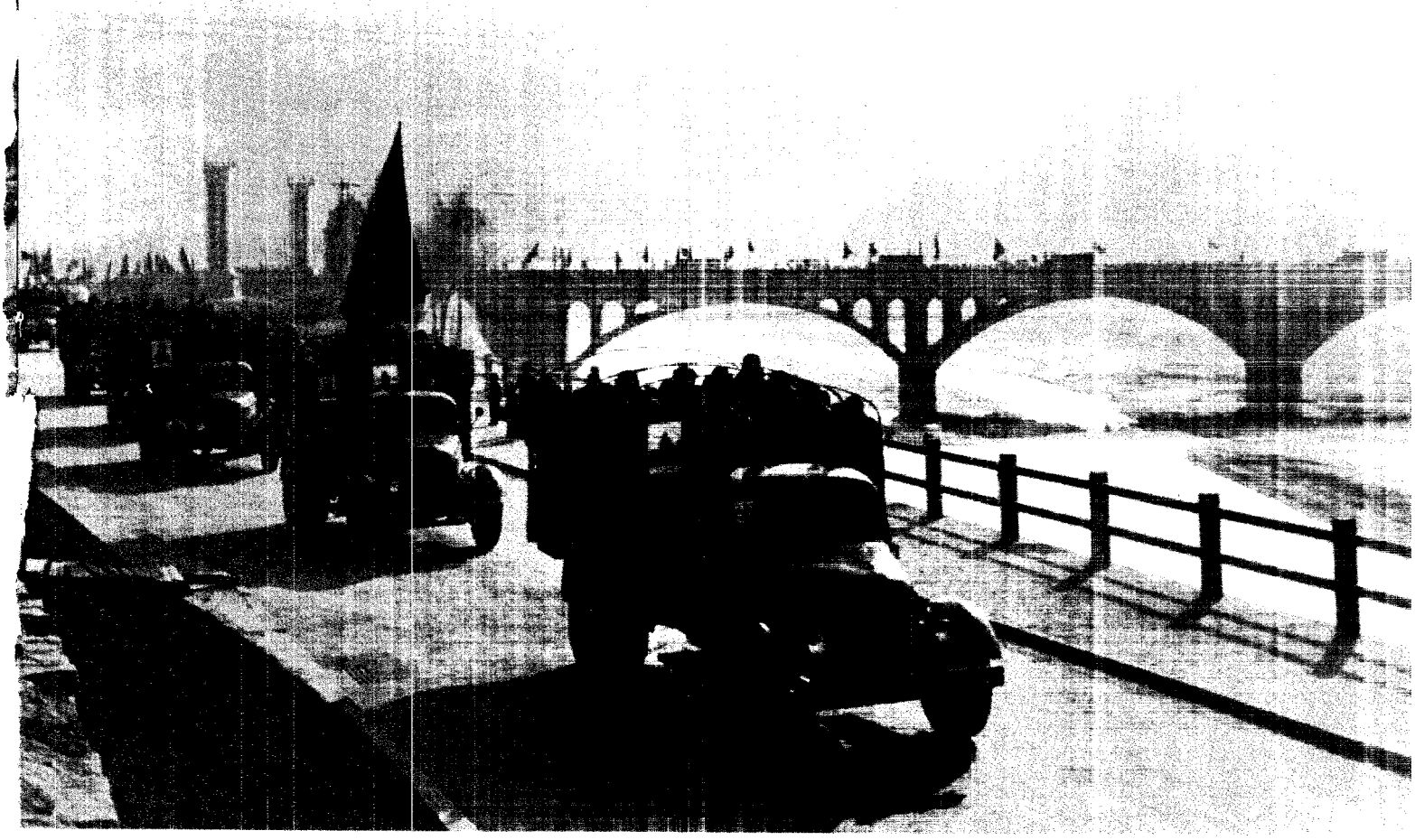

PEKING STUDENTS ON WAY TO RESETTLEMENT IN COUNTRYSIDE

introduction of new high-yielding varieties of seed has been the key to recent agricultural growth in India, Pakistan, and other countries. China has improved its water control and has increased the availability of chemical fertilizers and pesticides, electricity, and agricultural machinery, but the development of new seeds capable of producing very high yields under Chinese conditions has not been emphasized. China could import Mexican varieties of wheat and Philippine varieties of rice, but these have been developed for tropical or subtropical environments and are largely unsuited to the Chinese environment.

In the short run, China may be able to achieve annual increases in grain production to match or slightly exceed population growth. Even so, however, any progress toward a more comfortable margin between the availability of food and consumption requirements is likely to be small at best and would only extend the hiatus in the food/population race. Although Chinese agriculture appears generally stronger now than in the late 1950s, it remains to be seen whether it will be able to withstand successive years of bad weather such as that in 1959-61.

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Over the long run, higher rates of agricultural growth will hinge on the ability of the Chinese to develop food-raising techniques suited to their conditions. In time, irrigation can be expanded and chemical fertilizers of suitable types and quality could be made available if the regime chooses to allocate more resources to this effort. But the development of high-yielding seeds will remain a serious problem. Possibly the most serious impact of the Cultural Revolution on agriculture will prove to be the disruption of plant breeding programs. Not only have the scientific methods most instrumental in the success of the "green revolution" in other countries been rejected, but many Chinese breeding programs have been terminated and the scientists running them dispersed throughout the country.

Instead of capital investment, the regime is relying increasingly on investment in human talent, which is not likely to bring dividends for many years. The transfer to the farms of excess urban population, consisting mostly of students, has been pursued with unusual vigor and consistency since the Cultural Revolution subsided. These transfers serve multiple purposes, including making available to communes literate, relatively trained, manpower suited for professional, technical, medical, and other tasks. Educated youths, if they can be persuaded or forced to settle permanently in the communes, could potentially upgrade all but the purely physical work being performed and could gradually heighten the responsiveness of the entire rural population to new ideas. Although some of these youths reportedly have been assigned managerial and accounting tasks, the regime so far appears to be emphasizing their reform-through-labor, and little of their potential value to the communes has been realized.

Lastly, the stability that has marked Chinese agriculture for the past few years is fragile. Aside from the hazards of weather, doctrinally motivated measures to increase the degree of collectivization in rural areas and to eliminate "revisionist" phenomena such as the private plots could lead to agricultural problems similar to those of the early 1960s.

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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Political Change in Guatemala: Order vs. Violence

Secret

№ 44

19 June 1970
No. 0375/70B

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POLITICAL CHANGE IN GUATEMALA: ORDER vs. VIOLENCE

The inauguration of Carlos Arana as president of Guatemala on 1 July will mark both a high point in the country's feeble democratic record and a test of the forces of orderly process.

Arana will be Guatemala's first freely elected president to receive the office from the political opposition. Outgoing president Mendez Montenegro will be the first president to have completed his term since 1951 and only the third in the country's history to have done so. All legitimate forces have displayed a commitment to set new constitutional political patterns and to break the country's traditional antidemocratic habits.

Arana's victory, however, represented a demand for greater governmental effectiveness against Communist terrorism; Arana came to national prominence by decimating terrorists in the northeast a few years ago. Communists have long anticipated that popular aversion to the expected excesses of a right-wing government would provide them their greatest opportunity. The re-emergence of a rightist terrorist force in the past month provides a grim backdrop to the coming political change and has already dimmed hopes for peaceful progress.

A Background of Terrorism

The electorate, wearied by years of Communist terrorism and disillusioned by the bland government of the Revolutionary Party, turned to the anti-Communist champion, Colonel Arana, whose promise of peace and order won him a plurality in the elections on 1 March. Arana's reputation as an effective lawman rests on his eradication of guerrillas in the northeast between 1966 and 1968. In that operation he turned armed rightist civilians against the guerrillas and their suspected supporters, effectively ending the strong Communist influence in the area. During the same period, special units of the army and police also launched an all-out attack on the subversives

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The program of counterterrorism was highly effective in disrupting the Communists' networks and bases and in inhibiting support from their sympathizers. The attendant wave

President - elect Arana

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of violence, however, also victimized many innocents and evoked an international and domestic outcry. Stung by widespread publicity and criticism, President Mendez halted the campaign in March 1968 and sent Colonel Arana to Nicaragua as ambassador.

Communist activity during the following months was mostly organizational, although sporadic hit-and-run terrorism created a continuing security problem. Beginning last December, the Communists stepped up their efforts at sabotage and assassination in an abortive attempt to disrupt the elections. During the campaign period the terrorists, with virtual impunity, attacked and killed more than a dozen security officials, a candidate for mayor of Guatemala City, and a highly regarded editor of the country's largest newspaper. They caused damage estimated in the millions of dollars in a series of fire-bombings in the capital. On the eve of the elections in March, they secured the release of a guerrilla by kidnaping the foreign minister, and a week later obtained the release of two others in exchange for the US labor attaché. In these circumstances, the electorate gave the incumbent Revolutionary Party a no-confidence vote; it ran second to the rightist coalition backing Arana.

Post-Election Violence

The popular euphoria that resulted from following democratic processes and experiencing an unprecedented opposition victory in an honest election was short-lived. The nation was embarrassed and the world was shocked by the Communists' brutal murder of the kidnaped West German ambassador on 5 April after the government refused to ransom him. Even the Guatemalan public, which might have been inured to brutality after a decade of terrorism, was stunned by the event.

Mendez imposed a state of siege. Beyond press censorship designed mainly to squelch criticism of the government, however, only token security measures were taken. Clearly Mendez had decided that it was not in his interest to tackle the security problem.

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Mendez' overriding desire has been and remains survival in office through his entire term, and he is a practiced advocate of sitting tight to ride out the storm. His motive for suspending animation may also be political, as Arana and his followers believe, because any successful anti-Communist activity would ease the insurgency problem for the new government.

The unwillingness of the Mendez government to move against the extreme left goaded the right again into wreaking its own vengeance. In late April, the extreme right's response to the violence of the left and the apathy of the government was revealed by the discovery of the first mutilated victim of a new counterterror organization. The new group, calling itself "Ojo por Ojo" (Eye for an Eye), appears to be made up of some

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extremist civilians in Arana's camp. Ojo por Ojo has been responsible for as many as a dozen recent murders, whose victims had been tortured before death.

The rightist revenge for Communist terrorism, directed partly against the leftist intellectual community, has evoked outraged denunciation from university and other liberal circles. Following the assassination of an economics professor early this month, the university's governing council issued a declaration attacking government security forces for their passivity in the face of continuing violence. It called on the army to fulfill its constitutional role and to put an end to the terrorist acts. Other organizations associated with the left have issued similar statements condemning threats by Ojo por Ojo received recently by a number of their members.

The obvious concern in these liberal circles is that the current wave of rightist terrorism is a

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prelude to the policies of Arana's government. Arana claims he will implement a strictly legal assault on the terrorist problem after his inauguration. Although he probably can rein in most of his extremist associates, his willingness to do so probably will depend on the level of Communist activity during the first days of his administration.

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Arana vs. the Insurgents

Arana takes seriously his mandate to eliminate the insurgency problem, and his enemies as well as his supporters expect a full-scale anti-Communist campaign after he takes office.

Arana repeatedly has forsworn illegal methods and has assured the public that he has a plan of action within the law, although he declines to reveal it. In his contacts with US officials, the president-elect has discussed the need for better training for the security forces, better police laboratories and technical equipment, more personnel, better maintenance of arms, and improved communications and coordination of intelligence. He is contemplating the establishment of an "elite police corps," a small, trained outfit whose work would focus exclusively in the terrorist field. His advisers have spoken of using military tribunals to try accused subversives in order to bypass legally the established judicial system, which is weak and corrupt.

Arana feels under great pressure to produce immediate results, . His major assets on 1 July when he begins his presidency are the good will of the armed forces and their desire to cooperate with him.

It seems unlikely, Arana's statements notwithstanding, that he or his advisers have as yet constructed a legal plan for quick results. Arana's directness and his evident earnestness may lead him to make an immediate appeal for public support for, and patience with, his administration. Since entering politics last year, Arana has observed and commented on Guatemala's serious deficiencies in the social sphere. He promises to fight ignorance, poverty, and disease, so as to remove the causes of violent political dissidence. He probably hopes to play on these themes to gain acceptance and cooperation among those sectors of the public that are apprehensive and fearful that his may be a tyrannical regime.

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Counterguerrilla Activity in Guatemala City

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Fear on the Left

The moderation and social concern displayed by Arana as candidate and as president-elect have not erased his image as "the butcher of Zacapa" held by many, and the Ojo's activities have added to the fear among the leftist opposition. Even the vice president elect, one of Arana's closest advisers, has expressed concern over the rightist terrorism and the characterization in the international press of the new leadership as "assassins."

The presentiment that the Arana administration is a threat prevails in the intellectual community, the opposition political parties, the press, and labor organizations, as well as among Arana's obvious targets, the guerrillas and terrorists. Their foreboding will lead them to interpret Arana's actions and policies in the worst light, and if he proves thin-skinned, the gap between the opposition and the government will grow.

The Communists

Communist terrorism since the murder of the West German ambassador in April has continued at a relatively low level. The Ojo murders have claimed no victims among the hard-core terrorists and therefore have probably only a marginal relationship to the Communist pull-back.

[redacted]

It is clear that the insurgents hope to prove that the vaunted anti-Communist Arana can control them no better than past presidents.

[redacted]

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The bulk of leftist terrorism is perpetrated by the fanatical Rebel Armed Forces (FAR), which is made up mainly of young, rabid leftists who consider violence the only method of undoing Guatemala's feudalistic socioeconomic structure.

[redacted]

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Less devoted to violence but hardly averse to it, the Guatemalan Communist Party (PGT) has been under pressure for some weeks to avenge the recent deaths of two party members.

[redacted]

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Arana's Dilemma

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. In office, as now, he may find it difficult to resist reverting to methods he has seen work well in the past. In any event, the strength of his resolve to resist it should become apparent soon after he takes office.

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The democratic process begun by the constitutional transfer of power will come under heavy strains, and the prospect is for difficult days ahead for the new government and for the steadily polarizing society.

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